What Might Have Been:
Earl Warren's Alternative to Employer-Based Health Insurance

Daniel J.B. Mitchell

Ho-su Wu Professor

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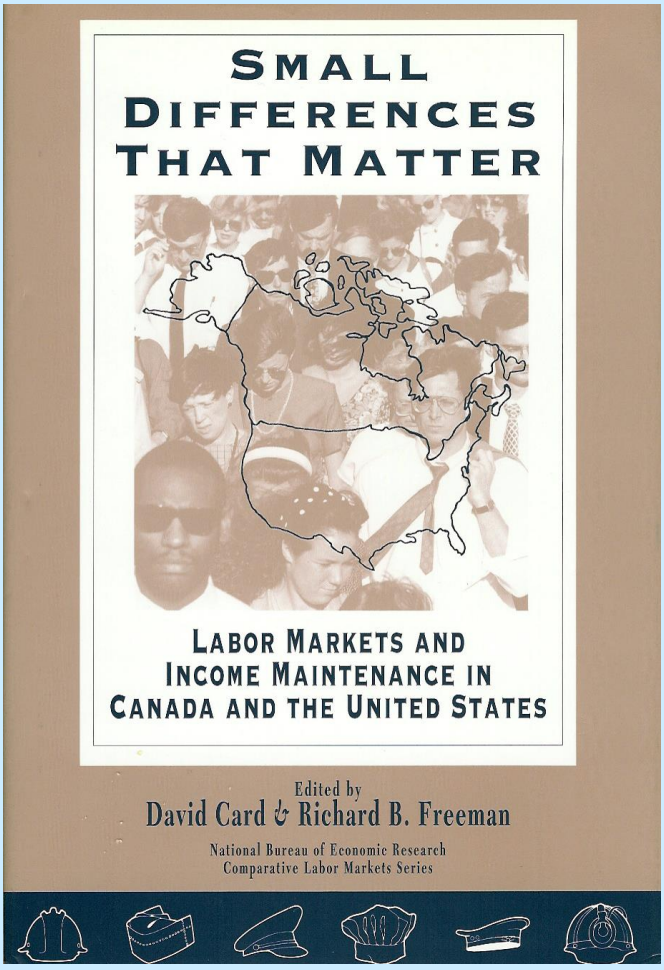
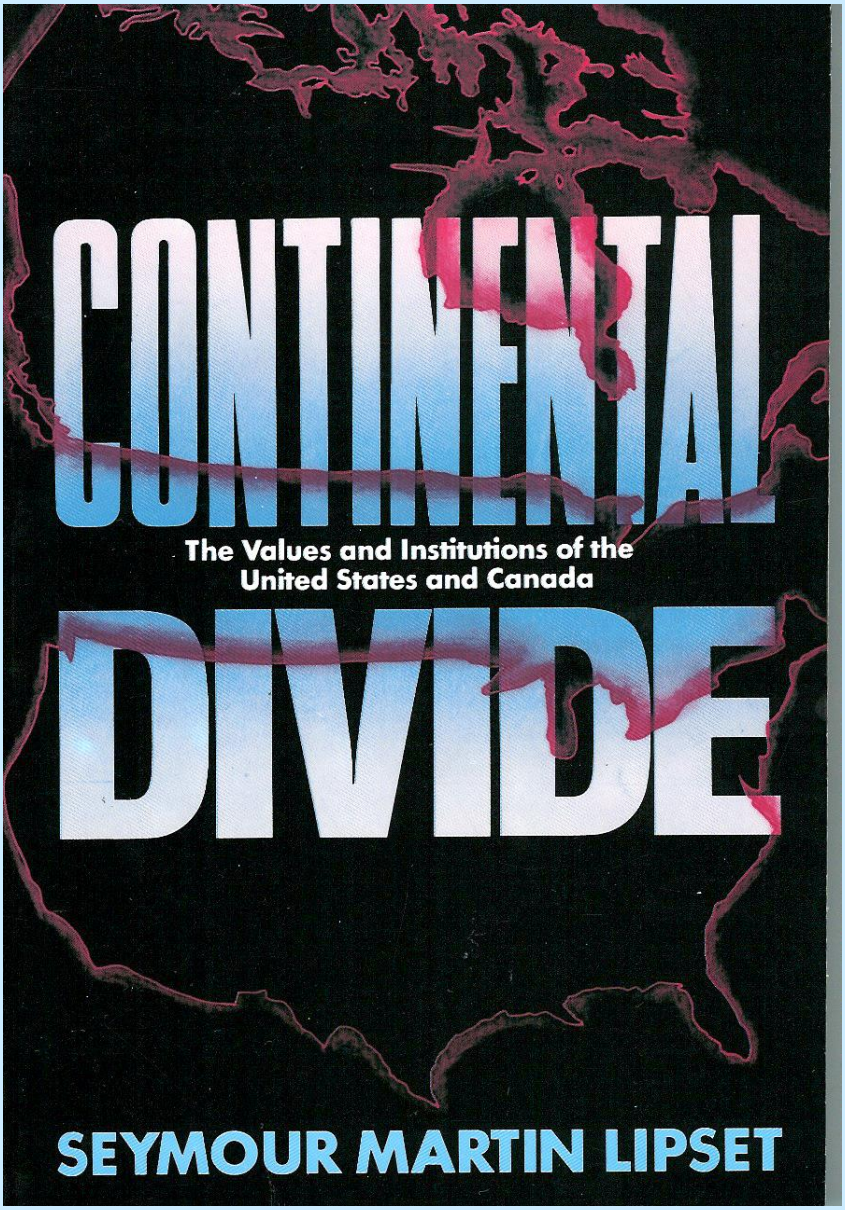
Canada and the U.S. are a natural experiment in policy making.


SMALL DIFFERENCES THAT MATTER
LABOR MARKETS AND INCOME MAINTENANCE IN CANADA AND THE UNITED STATES
Edited by
David Card & Richard B. Freeman
National Bureau of Economic Research
Comparative Labor Markets Series

Cultural Determinism



The U.S. Supreme Court in 1953

District Attorney, Alameda

California Governor

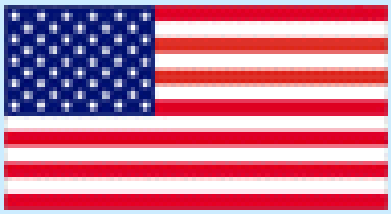
California Governor

1948

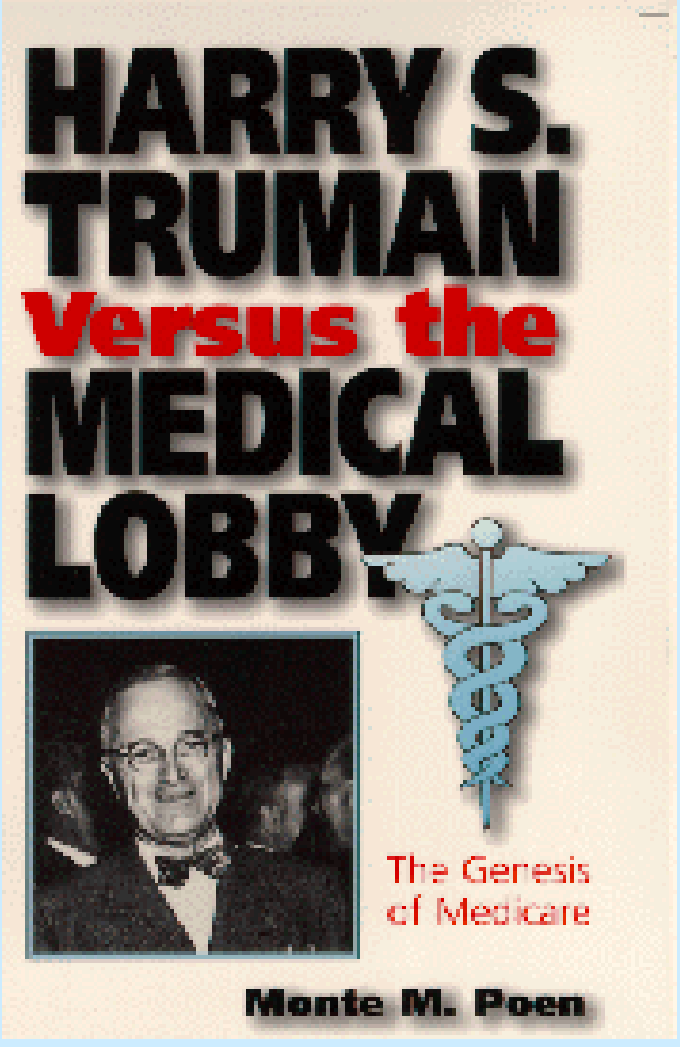
DEWEY
I'M ON THE TEAM
WARREN
DEWEY
BRICKER
DEWEY AND BRICKER
DON'T BE AN
VOTE FOR
DEWEY
CLEAN HOUSE with DEWEY

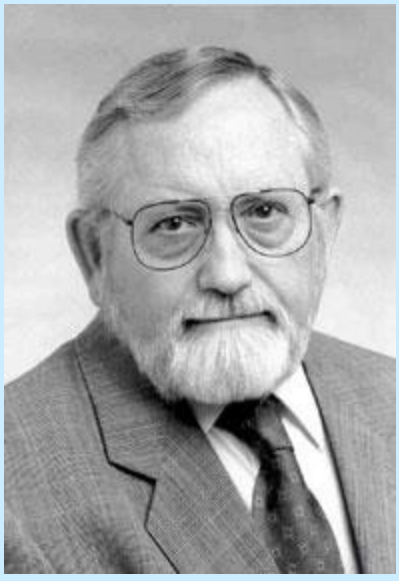
Proposition:

If Warren had prevailed in California, the U.S. might well have ended up with a Canadian-style system (state-run single-payer health plans).



Question: *Was 1949 really the turning point?*





Corollary

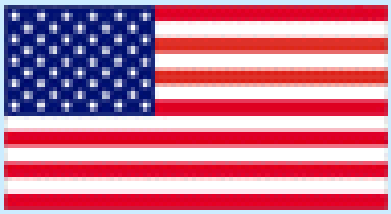
The death of government-run single-payer health insurance occurred in California during 1945-47.

It was Earl Warren vs. the California legislature and the medical establishment;

not Harry Truman vs. the Congress and the medical establishment in 1949.

More General Lesson

The path dependency of the history of U.S. health insurance policy.



“Everybody is entitled to my opinion.”

Madonna

Pre-Warren California History

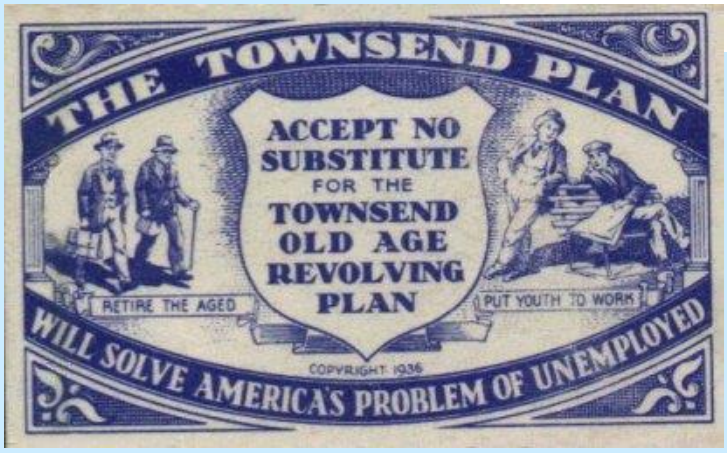
- **World War I era ballot proposition**
- **1935: Doctors' plan**
- **Culbert Olson's plan**
- **Calif. Physicians Service**

Blue Shield of California
An Independent Member
of the Blue Shield Association

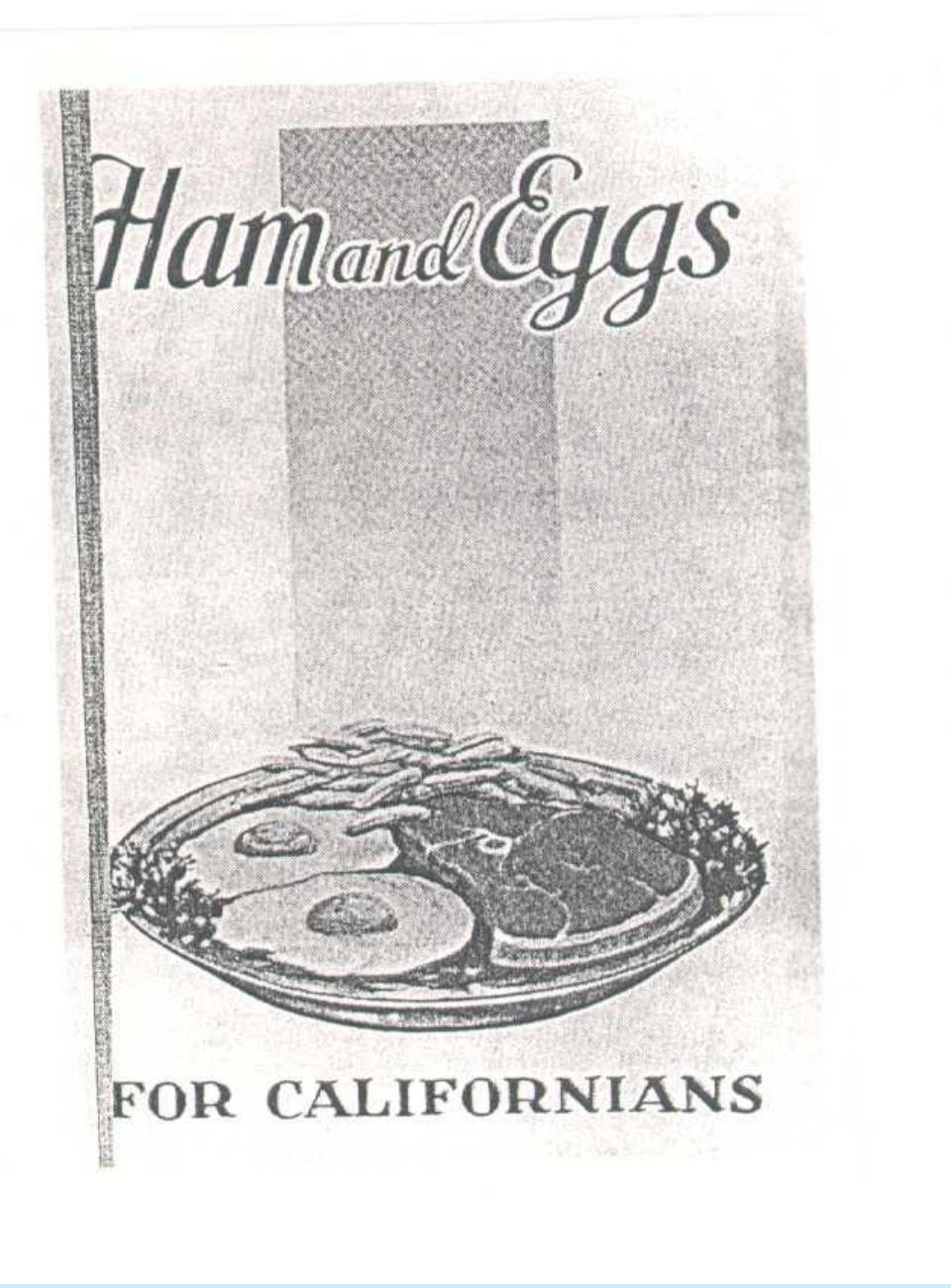
Warren's Motivation

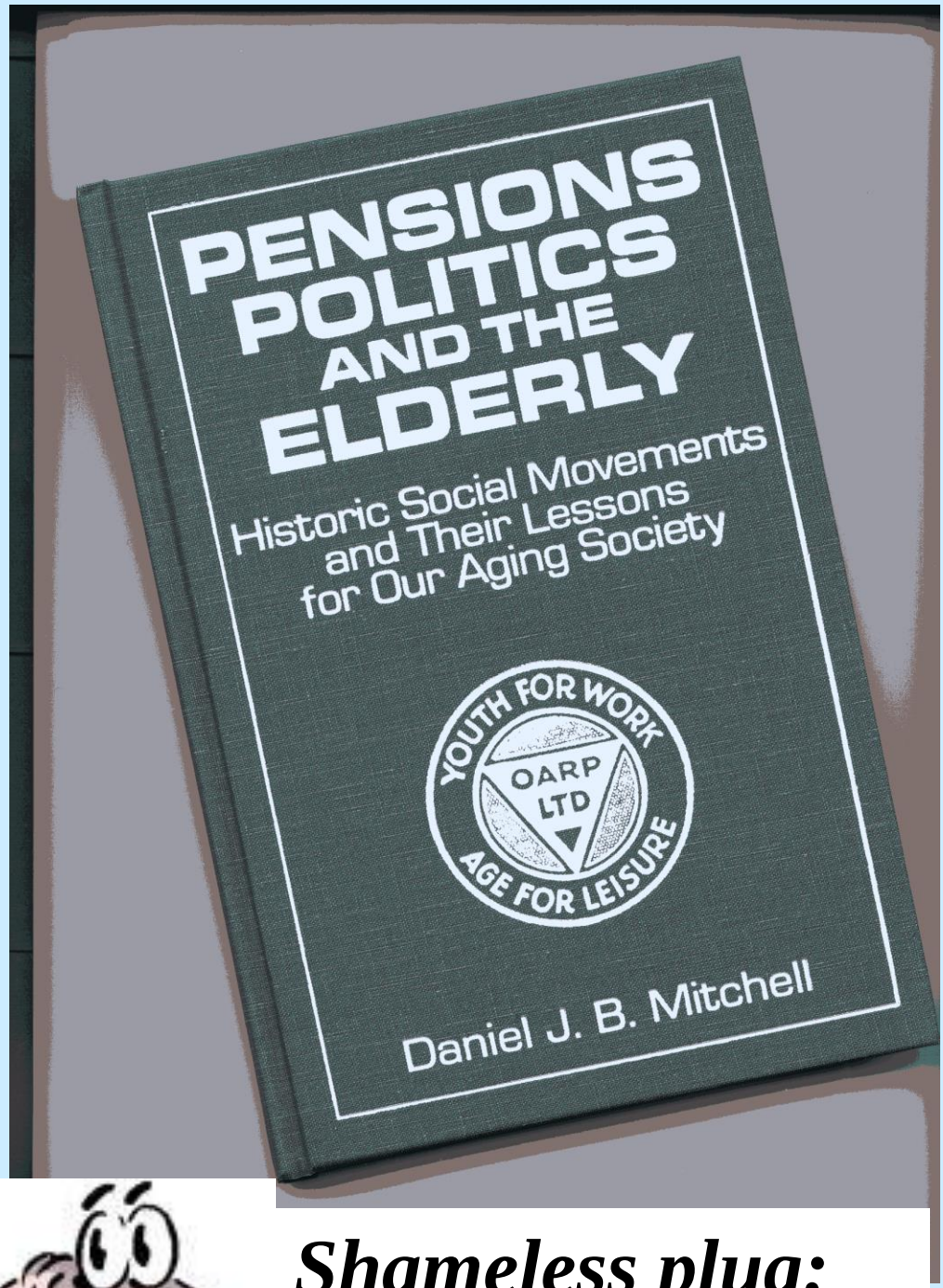
- **Non-elderly social welfare**
- **Alternative to New Deal-type federal plan proposals from Senator Wagner and others**
- **Presidential ambitions**

The Townsend Plan of Dr. Francis Townsend


THE TOWNSEND PLAN
ACCEPT NO SUBSTITUTE FOR THE TOWNSEND OLD AGE REVOLVING PLAN
RETIRE THE AGED
PUT YOUTH TO WORK
COPYRIGHT 1936
WILL SOLVE AMERICA'S PROBLEM OF UNEMPLOYED

"Thirty Dollars Every Thursday"





Shameless plug:

Available at www.mesharpe.com

"…an egotism so great as to be heroic."

Kevin Starr

Embattled Dreams

on Warren

Act I: 1945

- **Consulting the docs**
- **Announcing the plan**
- **Doctor opposition**

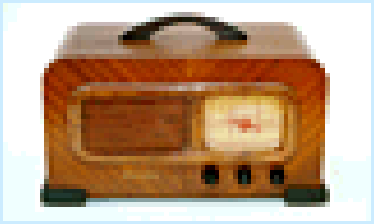
  Whitaker and Baxter

  Calif. Physicians Service

- **Business opposition**
- **AFL vs. CIO**

  Fee for service vs. capitation

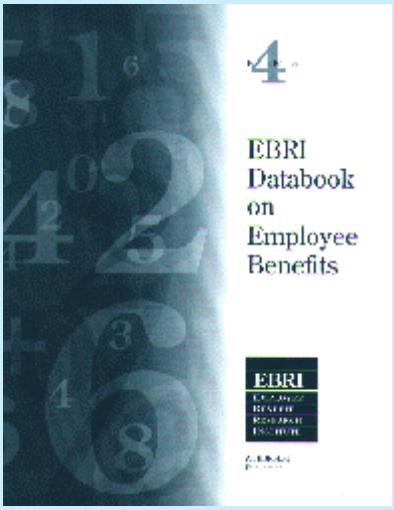
- **Failure**
- **Hospitalization only plan**
- **Failure again**



Act II: 1947

- **Background:**
  1946 Election
- **Expansion of job-based private plans esp. union**
- **Catastrophic Health Insurance Plan**
- **Employer play or pay**
- **Failure again**

Unions continue to negotiate their own employer-based plans, imitated by the nonunion sector. A new interest group is formed.



- Unions
- Employers
- Insurance companies
- HR/personnel administrators

Chicago Daily Tribune
DEWEY DEFEATS TRUMAN

Harry and Louise vs. Clinton: 1993-94

“For of all sad words of tongue or pen,
The saddest are these:
‘It might have been!’”

James Greenleaf Whittier,
***Maud Muller* (1854)**

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